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INFO ALL SOUTH AND CENTRAL ASIA COLLECTIVE
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RHEFDIA/DIA WASHINGTON DC
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
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C O N F I D E N T I A L SECTION 01 OF 03 TASHKENT 001423

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DEPARTMENT FOR SCA/CEN
AMEMBASSY ASTANA PASS TO USOFFICE ALMATY
AMEMBASSY HELSINKI PASS TO AMCONSUL ST PETERSBURG
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CLASSIFIED BY: Steven Prohaska, Second Secretary, State, Pol-Econ;
REASON: 1.4(B), (D)

GOU Officials Warn of Potential "Consequences" for NDN

11. (C) On July 29, Center for Strategic and International Studies representatives Andy Kuchins and Tom Sanderson met with us to give us a read-out of their meetings with various Government of Uzbekistan officials. Across the board, GOU officials appeared very enthusiastic about improving relations with the United States and many harbored concerns about Russia. Another consistent message was that without significant improvements in the bilateral economic relationship, there could be "consequences" for the Northern Distribution Network. Institute for Strategic and Inter-Regional Studies Director Mir-Akbar Rakhmankulov-who they described as highly intelligent and engaging-was vehemently opposed to Russian plans to establish a base in Osh, Kyrgyzstan. At the Ministry of Defense, a tight-lipped Defense Minister Berdiev stonewalled on most of their questions. Curiously, he also repeatedly accused "other states" of causing problems for the USSR during the war in Afghanistan. In contrast to Berdiev, the always voluble Deputy Defense Minister Niyazov immediately and enthusiastically greeted Kuchins and chatted with him before the official meeting. The Foundation for Regional Policy and Ministry of Foreign Economic Relations each stressed the importance of NDN-related local purchase to Uzbekistan.

Economy: Exports Down, Imports Up for First Half of 2009

12. (SBU) The State Statistics Committee has published the macroeconomic indicators for the first half of 2009, according to which Uzbekistan's GDP grew by 8.2 percent. A closer look at the published numbers shows, however, that total exports in the first half of 2009 decreased by approximately 1.6 percent (6.03 billion USD vs. 6.13 billion USD in 2008), whereas imports grew by 21 percent (4.46 billion USD vs. 3.68 billion USD in 2008). They also

show that the export share of hydrocarbons more than doubled from 21.6 to 43.7 percent, and the share of cotton fiber decreased from 13.5 to 9.6 percent. The share of other non-energy exports also decreased noticeably.

13. (SBU) Comment: The GOU has repeatedly claimed that Uzbekistan's economy has been less affected by the global financial crisis thanks to its export-oriented economic policy combined with import substitution. The officially published indicators show clearly, however, that the economy has become increasingly dependent on exports of natural gas coupled with the fees that the GOU collects for transit of oil and gas from Turkmenistan. This leaves open the question of what will happen to the Uzbek economy in the second half of 2009 if Russia's Gazprom lowers the volume of gas imports or insists on lower prices due to the decreasing demand for gas in Europe and the CIS. Uzbekistan's economy may have become more dependent on Russia and Gazprom than the GOU would like to admit.

Japan Considering Provision of X-Ray Scanners to Uzbekistan

14. (SBU) On July 10, Embaffs met with several representatives of the Japan International Cooperation Agency (JICA) to discuss

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Japan's plans to provide Uzbekistan with X-ray scanning equipment for its borders. (Note: JICA is an official agency that implements Japan's grant aid. End note.) The Japanese representatives indicated that in March 2007, the Government of Uzbekistan asked the Government of Japan for this X-ray scanning equipment, and so the GOJ tasked JICA with conducting a study of the issue. JICA is interested in enhancing the capabilities of Uzbekistan's State Customs Committee to reduce the transit of illegal goods such as drugs, weapons, and explosives from neighboring countries across Uzbekistan's borders as well as to improve the efficiency of cross-border trade and transport in the region.

15. (SBU) The Japanese officials indicated that JICA and the Government of Uzbekistan jointly evaluated seven possible border crossing points for X-ray scanning equipment. In addition to X-ray scanners, Japan would provide safety shields as well as basic training for Customs personnel on operation and maintenance of the equipment. They decided that scanning units would be desirable at the following border crossing points: (1) a medium-sized X-ray scanning unit at Alat Customs Complex (vehicle crossing point) in Bukhara Province for contraband control; (2) a large-sized X-ray scanning unit at Galaba rail crossing point in Surkhandarya Province to target narcotics and weapons; (3) a large-sized mobile X-ray scanning unit at Ayritom Customs Complex (vehicle crossing point) in Surkhandarya Province to target narcotics and weapons; (4) and a medium-sized X-ray scanning unit at the river port in Surkhandarya Province to target contraband. JICA and the Government of Uzbekistan also had considered delivering scanning units to three other crossing points. Both sides had determined that such equipment would not be necessary at Khojadavlat rail crossing point in Bukhara Province or Ayritom rail crossing point in Surkhandarya Province, and had not yet decided whether providing a large-sized mobile X-ray scanning unit to the Oybek vehicle crossing point in Tashkent Province was necessary.

16. (SBU) JICA also told us that discussions with Uzbekistan's State Customs Committee are ongoing, and Japanese delegations probably will visit the proposed border locations again. JICA plans to submit a report to higher authorities in the Government of Japan,

which will decide whether to provide the scanning equipment. The JICA representatives opined that the deliveries would take place in 2011, given the time necessary for bidding, transportation, and other arrangements. They also indicated that they expect the Government of Uzbekistan to take responsibility for the maintenance of these scanners one year after their installation, and that Uzbekistan's State Customs Committee should use its own funding to maintain the equipment.

Conference on Judicial and Legal Reform

17. (U) At a recent international conference on judicial and legal reform, GOU officials spoke about several initiatives, both that have already been put in place and that are being considered. Significantly, a new arbitration procedure was instituted in January, and more than 500 cases have been completed through this time and money-saving process. In considering future changes, officials for the first time are taking a real look at plea bargaining systems, something they have not considered in the past because of concerns over innocent people pleading guilty in order to avoid the risk of a harsh sentence. More fundamental reforms were also discussed, such as standardizing and professionalizing court reporting to ensure that witness and defendant testimony is accurately reported and safeguarded. This would improve transparency and accuracy both at the trial stage and in the appeal

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process. This conference illustrated that while there are significant areas in need of improvement in the realm of judicial and legal reform, Uzbek officials are making a concerted effort to address them.

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